

INTEGRITY PACT
for
GLOBAL LLIN PROCUREMENT

I. Background

1. In order to achieve an effective response in the fight against malaria and maintain the confidence of all stakeholders, the Global Fund to Fight AIDS, Tuberculosis and Malaria and its partner donors must ensure that their funding is applied towards the purposes for which they are intended, under the highest standards of transparency and integrity. Ensuring that resources are used in a manner that is fair, efficient, and free of corrupt, coercive or anti-competitive practices is a key aspect of operating with transparency and integrity.
2. Based on the crucial role of industry in ensuring competitive, transparent, accountable and ethical procurement practices, the Global Fund has engaged manufacturers of long-lasting insecticide-treated nets (“LLINs”) to participate in this Integrity Pact for Global LLIN Procurement (“Integrity Pact”). In addition, the Global Fund has engaged partner donors in the fight against malaria to join as additional sponsors of this Integrity Pact. The purposes of the Integrity Pact are to (i) formalize and strengthen the partnership between the Global Fund, its partner donors, and the LLIN industry in combatting the risk of abusive procurement practices; and (ii) institute mechanisms for engaging industry in addressing such risks.
3. The signatories to this Integrity Pact are listed in Annex A (together, the “Participating Manufacturers”). Annex A may be amended to reflect any additional Participating Manufacturers included with the consent of the Global Fund. The sponsors of this Integrity Pact, each involved in financing global LLIN procurement, are listed in Annex B (together with the Global Fund, the “Global LLIN Donors”), which may also be amended by the Global Fund to list any additional sponsors.

II. Principles

4. The Participating Manufacturers to this Integrity Pact agree that:
 - i. LLIN manufacturers have a responsibility to ensure their activities contribute towards accountable and ethical procurement practices;
 - ii. Procurements financed using resources of the Global LLIN Donors (“Global LLIN Procurement”) must adhere to the highest standards of ethical conduct;
 - iii. Corrupt, fraudulent, coercive, collusive or anti-competitive practices (together, “abusive practices”) engender unfair competition, and lead to waste of resources dedicated to health;
 - iv. Greater transparency in LLIN procurement processes will serve to reduce the risk of abusive practices;
 - v. Cross-industry vigilance and action is necessary to reduce such risk, with a strong role for donors, such as the Global LLIN Donors, in facilitating such action;

- vi. Greater alignment and information-sharing across the LLIN industry with respect to anti-corruption compliance practices will promote effective compliance strategies and lead to greater fairness and efficiencies across the industry;
- vii. Abusive practices related to national LLIN registration processes have a detrimental effect on competition and lead to inefficient use of resources dedicated to health;
- viii. Enhanced transparency regarding the lawful fees and processes associated with national LLIN registration processes will reduce the risks of corruption and abuse; and
- ix. Procurements financed through Global Fund resources are governed by the Global Fund's Code of Conduct for Suppliers and are subject to review by the Global Fund's Office of the Inspector General ("OIG"), and any allegation of misconduct may result in engagement of the Global Fund's Sanctions Panel Procedures relating to the Code of Conduct for Suppliers (as available through the Global Fund website (www.theglobalfund.org)).

III. Industry Resolutions

Creation of an Integrity Monitor

- 5. The Participating Manufacturers agree to the designation by the Global Fund, in consultation with the other Global LLIN Donors, of a qualified and independent third-party monitor (the "Integrity Monitor") responsible for facilitating industry engagement to reduce the risks of fraud and corruption. The Participating Manufacturers agree that the costs associated with the Integrity Monitor will be financed by the Participating Manufacturers on an equal cost-sharing basis, unless agreed otherwise.
- 6. The functions of the Integrity Monitor will generally be to (i) facilitate greater accountability and transparency in LLIN bidding and registration process; and (ii) identify and promote industry best practice in reducing corruption risks, as set out in more detail in the indicative Terms of Reference shown in [Annex C](#), as may be amended by the Global Fund from time to time. The Integrity Monitor will furthermore assist in producing detailed guidance for the implementation of this Integrity Pact, in consultation with the Global LLIN Donors and the Participating Manufacturers.
- 7. Following the first year of its operation, an assessment will be undertaken by the Global Fund, in consultation with the other Global LLIN Donors and the Participating Manufacturers, of the effectiveness of the Integrity Monitor. Based on this assessment, refinements may be undertaken by the Global Fund to the Terms of Reference of the Integrity Monitor.
- 8. The Participating Manufacturers agree to each contribute US\$15,000 towards financing the costs associated with the Integrity Monitor for the first year of its

operations.¹ The Participating Manufacturers also agree to adjust this level of funding for subsequent years, based on a costing of the Integrity Monitor's activities undertaken by the Global Fund in consultation with the other Global LLIN Donors and the Participating Manufacturers.

Transparency in the Bidding Process

9. Each signatory agrees that the Global LLIN Donors, through the Global Fund, will identify tenders associated with Global LLIN Procurement for which enhanced transparency of bids is demanded. For all such tenders, each signatory agrees to provide, on a date determined by the Integrity Monitor, the following bid-related information, together with appropriate documentary substantiation (including any necessary narrative payment justification), to the Integrity Monitor.
 - i. The proposed LLIN unit price;
 - ii. Fees paid to third parties or agents (e.g., consultants; sales agents); and
 - iii. Fees paid to the tender authority (e.g., registration fees; any other payments).
10. All information provided by the Participating Manufacturers to the Integrity Monitor pursuant to paragraph (9) of this Integrity Pact will be governed by the terms of a Confidentiality Agreement between each Participating Manufacturer and the Integrity Monitor.
11. The Participating Manufacturers agree that the Integrity Monitor will review such submitted information and the applicable tender documents, and engage Participating Manufacturers for clarifications should the Integrity Monitor deem it necessary. The Participating Manufacturers agree that should their clarifications and comments fail to address the concerns or issues to the satisfaction of the Integrity Monitor, the Integrity Monitor will submit a report to the Global LLIN Donors. That report will include a summary of the information provided to the Integrity Monitor pursuant to the terms of this Integrity Pact; however, the full package of information submitted by a Participating Manufacturer in connection with a bid may only be shared on a confidential basis with the specific Global LLIN Donor which has financed the applicable tender.

Greater Alignment in Compliance Controls

12. The Integrity Monitor will work with the Participating Manufacturers to achieve greater alignment and information-sharing with respect to anti-corruption compliance practices. The Participating Manufacturers therefore agree that one of the responsibilities of the Integrity Monitor will be to identify, compile and disseminate best practice with respect to anti-corruption tools and systems employed by manufacturers, and the Participating Manufacturers agree to assist the Integrity Monitor by providing relevant information. In view of the nature of this Integrity Pact as one such tool, the Integrity Monitor will also have responsibility for monitoring the effectiveness of the Integrity Pact.

¹ Any portion of the contribution amount which is not used to finance the costs of the Integrity Monitor for the first year will be applied to help finance the costs for the second year.

13. The Participating Manufacturers agree to take best efforts to implement recommendations made by the Integrity Monitor in relation to improvement and alignment of compliance controls; and report to the Global LLIN Donors on the implementation status of recommendations made by the Integrity Monitor.
14. The Participating Manufacturers acknowledge that insufficient monitoring of the activities by sub-contractors and other third parties² has the potential to put at risk donor resources dedicated to fighting malaria. Accordingly, for the purpose of establishing shared minimum compliance controls in this area, the Participating Manufacturers agree that in the context of Global LLIN Procurements, they will:
 - i. Conduct appropriate due diligence on all potential third party contractors before engaging them in connection with programs financed by the Global LLIN Donors;
 - ii. Require all third party contractors engaged to contractually agree to adhere to the terms of the Global Fund's Supplier Code of Conduct and any other applicable Global LLIN Donor code of conduct specified by the Integrity Monitor; and
 - iii. Immediately upon identifying a credible indication of misconduct by such a third party contractor, suspend the contractor's activities and report the indication of misconduct to the relevant donor.

Enhanced Transparency in the Product Registration Process

15. The Participating Manufacturers agree that the Integrity Monitor may have responsibility for compiling, updating and disseminating LLIN registration requirements for countries or geographic regions in order to enhance transparency in the product registration process. Such countries or geographic regions will be determined by the Global Fund, in consultation with the Global LLIN Donors.
16. The Participating Manufacturers agree that information compiled, updated and disseminated by the Integrity Monitor will be provided for information only and may not be relied upon for commercial purposes. The Integrity Monitor will not be held liable for claims associated with the use of this information.

Reporting Potential Fraudulent and Abusive Procurement Practices

17. The Participating Manufacturers agree that all participants in Global LLIN Procurement have a responsibility to report in good faith reasonable indications of abusive practices (as defined in paragraph 4.ii above) that may put at risk donor resources dedicated to fighting malaria. Consequently, the Participating Manufacturers agree to confidentially report such indications to the relevant Global LLIN Donor. In the case of procurement financed by the Global Fund, such reports must be directed to the Global Fund OIG through the OIG whistleblowing process. That process is described in the Whistle-Blowing Policies and Procedures, available through the Global Fund website (www.theglobalfund.org).

² E.g., consultants; sales representatives; brokers; distributors; lobbyists.

18. The Participating Manufacturers agree that the Global Fund's whistle-blowing mechanism must not be abused through the reporting of frivolous, false or misleading information. Consequently, the Participating Manufacturers understand that should indications arise that a supplier has made allegations through the whistle-blowing mechanism that it knows to be false or with an intent to misinform, this will be investigated by the OIG, and such investigation may result in disciplinary or other action, such as sanctions imposed by the Global Fund.

IV. Effective Date; Scope

19. This Integrity Pact is effective as of 01 December 2014. The provisions of this Integrity Pact extend to all procurement of LLINs funded by the Global LLIN Donors.

V. Amendment

20. This Integrity Pact may be amended upon the written consent of all Participating Manufacturers and the Global Fund, in consultation with the other Global LLIN Donors.

VI. Non-Compliance

21. The Participating Manufacturers acknowledge and agree that should a Global LLIN Donor determine that a signatory has failed to observe its obligations under this Integrity Pact, it may be subject to remedial actions undertaken at the discretion of the applicable Global LLIN Donor. Such actions, in the case of the Global Fund, may include, but will not be limited to, referral of the matter to the Global Fund Sanctions Panel, in accordance with the Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers, as may be amended from time to time.